



# 2015 Legislative Summary

July 10, 2015

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## Background

In odd-numbered years, the legislature is tasked with passing a balanced budget for the upcoming two-year budget cycle which begins on July 1. A nearly \$2 billion surplus was projected for the upcoming biennium, setting the stage for lawmakers and the Governor to decide on appropriations for existing budget areas, while also determining how to allocate the surplus revenues.

The 89<sup>th</sup> Legislature convened on January 6, 2015, and was constitutionally required to adjourn the regular session by midnight Monday, May 18, 2015. Although the House and Senate completed most of their work, there were a number of significant bills that did not pass by the adjournment deadline. In addition, after adjournment, the Governor vetoed three of the major budget bills that the legislature passed, resulting in a Special Session which took place on Friday, June 12, 2015.

This summary contains items that were proposed but did not pass into law, as well as items that did pass into law.

## Taxes

Although it is often the case that the legislature will pass a tax bill containing changes to tax-related appropriations and policy items, passage of a tax bill is not required in order to continue collecting revenues under current law. Despite a lot of early discussion around the issue of tax relief this session, the Legislature did not conclude their work in conference committee on the Omnibus Tax Bill (HF 848) during the regular session. As such, for many issues impacting the City of Minneapolis, there was no conclusion. The provisions contained in HF 848 will all be alive for discussion and possible action during the 2016 Legislative Session.

### OMNIBUS TAX BILL (HF 848)

DID NOT PASS

- **Local Government Aid (LGA):**
  - The House Tax Bill proposed capping LGA to first class cities at 112.5% of the average per capita aid payment to non-first class cities. This cap resulted in a LGA reduction to the cities of Minneapolis, St. Paul, and Duluth of \$84.7 million in 2016. These cuts reduced Minneapolis' LGA by \$34.4 million from its 2016 allocation under current law of \$77.8 million.
  - The Senate Tax Bill proposed increasing the total LGA appropriation by \$21.5 million in 2016 and \$45.6 million in 2017. These increases would provide Minneapolis with an additional \$2.8 million in 2016 LGA and an additional \$6 million in 2017.
- **Minnesota Sports Facilities Authority (MSFA):**
  - Under current law, the MSFA retains a portion of growth in revenue from Minneapolis local sales and liquor, lodging and restaurant taxes.
  - The Senate Tax Bill proposed \$2.7 million of those funds to be used to offset taxes paid by the NFL in connection with a Super Bowl game played at the Vikings stadium.

- The House Tax Bill proposed that Minneapolis could keep \$5.864 million of the local sales tax revenues normally paid to the MSFA over a two year period, while cutting Minneapolis LGA by \$5.864 million in 2016.
- **EMERGE Career and Technology Center/Cedar Riverside Opportunity Center:**
  - The House Tax Bill provided a tax credit equal to 20 percent of the rehabilitation costs for the Old North Branch Library in Minneapolis.
  - The Senate Tax Bill provided an appropriation of \$880,000 to be used for the North Branch Library EMERGE Career and Technology Center, and \$250,000 for the Cedar Riverside Opportunity Center.
- **Minneapolis Library Debt Service Aid:**
  - The House Tax Bill repealed the library debt service aid (\$3.72 million/year beginning in 2016) to the City of Minneapolis.
- **Railroad Property Tax Modification:**
  - The Senate Tax Bill proposed modernizing the method by which railroads are assessed, and also proposed expanding the tax base to apply the tax to rolling stock. This expanded tax base would potentially result in increased tax base for local governments.
- **Property Tax Empowerment Act:**
  - The House Tax Bill proposed a provision that would allow for a reverse referendum on levy increases implemented by a city or county.
- **Upper Harbor Terminal Tax Increment Financing:**
  - This bill was not introduced during the 2015 Legislative Session, and was therefore not included in either the House or Senate Tax Bills.
- **Local Government Sales Tax Exemption Modification:**
  - The House proposed providing a sales tax exemption for building materials purchased by a contractor that are directly used by local governments. The contractor would pay the sales tax upfront, and then apply for a sales tax refund.

## OMNIBUS K-12 EDUCATION FINANCE OMNIBUS BILL (SPECIAL SESSION CHAPTER 3, HF 1)

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The Legislature passed the first version of the K-12 Omnibus Bill, HF 844, during the regular session. HF 844 delayed the effective date of the local government sales tax exemption for joint powers agreements and special taxing districts enacted into law in 2014. The delay moved the effective date from January 1, 2016, to January 1, 2017. HF 844 was vetoed by Governor Dayton. This provision was subsequently included in the Omnibus K-12 Education Bill (Chapter 3, HF1) passed during the 2015 Special Session.

## Pensions

The Legislative Commission on Pensions and Retirement is a 14-member commission charged with oversight of the state's public pension funds. The Commission usually adopts an annual Omnibus Pension bill. The bill contains policy regarding the Minnesota state pension funds, as well as provisions correcting errors, updating statutes and approving provisions for individuals.

The Legislature rarely modifies the Commission's recommended bill. However, during the regular session, the House modified the Commission's recommendations on the state/local funding split

for the Minneapolis Employee Retirement Fund (MERF). The Commission's recommendations included an annual state contribution of \$16 million, and an annual local contribution of \$21 million. This recommendation was made based on an actuarial report completed in April 2015, and it resulted in a \$14 million decrease in the annual required contribution.

The House agreed with the \$14 million total contribution decrease, but they modified the Commission's recommendation to further decrease the state's contribution amount to \$6 million, while not changing the local employers' current contribution amount of \$31 million. Local employers include the City of Minneapolis, the Minneapolis Public Schools, the Minneapolis Park and Recreation Board, Hennepin County, and the Metropolitan Airports Commission. The end result was a compromise between the Commission's recommendations and the House modifications.

#### OMNIBUS PENSIONS BILL (CHAPTER 68, SF 1398)

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- The Omnibus Pension bill includes a state and local contribution split for MERF of \$6 million and \$31 million respectively for calendar year 2015 and 2016. In subsequent years, the state will contribute \$16 million and the local employers, including the City of Minneapolis, will contribute \$21 million. The contributions are to end in 2031.
- The Omnibus Pension Bill also repealed the additional annual employer contribution to MERF of \$3.9 million.

#### OMNIBUS STATE GOVERNMENT FINANCE BILL (Chapter 77, SF 888)

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- The State Government Finance bill reflects the appropriation amounts and contribution levels as contained in the Omnibus Pension bill.

## Capital Investment

The Capital Investment (bonding) bill is one of the primary vehicles through which the State makes investments and preserves capital assets. Historically, bonding bills occur in the even-numbered legislative years. That tradition has largely faded in recent years, with bonding bills passing each year since 1996 (with the exception of 2009). The 2015 Regular Legislative Session ended on May 18<sup>th</sup> without the passage of a Capital Investment bill. As this bill is not one of the eight budget bills necessary for the continued operation of state services, the failure to pass it did not necessitate a Special Session. The legislature did elect to revisit the question of bonding in the First Special Session, and successfully passed Chapter 5 (HF 2).

#### CAPITAL INVESTMENT BILL (Chapter 5, HF 2)

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The 2015 Capital Investment bill authorizes approximately \$370 million in capital improvement projects and makes several technical corrections to previous bond authorizations for local projects. Prior to the beginning of the 2015 Special Session, legislative leaders and the Governor agreed upon the limited scope of this year's bill.

No City of Minneapolis bonding items were included in either the initial regular session bonding bill or the final Special Session bill. The 10<sup>th</sup> Avenue Bridge rehabilitation project was included in

the Governor's Capital Investment bill released in January at a level of \$31.875 million (75% of project cost).

**Items included in the Special Session bill:**

- \$26.529 million to the University of Minnesota for research related to avian influenza.
- \$31.943 million to Minnesota State Colleges and Universities for facilities improvements.
- \$10 million for housing infrastructure bonds through the Minnesota Housing Finance Agency.
- \$26.724 million to address new Capitol building restoration costs.
- \$172.48 million to the Department of Transportation for:
  - \$7.41 million for the Local Bridge Replacement and Rehabilitation Program.
  - \$8.91 million for the Local Road Improvement Program.
  - \$4.7 million for a highway-rail grade separation in Plymouth at Vicksburg Ln.
  - \$10 million for the Highway 77 underpass in Richfield.
  - \$140 million in trunk highway bonds (this is intended for Highway 53).
- \$1.5 million to the Metropolitan Council for Inflow and Infiltration grants.
- \$650,000 to the Department of Veterans Affairs for the bridge over Minnehaha Creek to the Minneapolis Veterans Home.
- Funds to the Department of Employment and Economic Development including:
  - \$1 million for Greater Minnesota Business Development Infrastructure grants.
  - \$2 million for the Transportation Economic Development grants.
- Technical changes relevant to the City of Minneapolis:
  - Brian Coyle Community Center: Allows the 2014 appropriation to be used toward the renovation and expansion of the center. The 2014 appropriation was for predesign and design.
  - Hennepin Center for the Arts: Changes the grantee for the 2014 appropriation from Minneapolis to Hennepin County.
- St. Anthony Falls Lock closure:
  - The bill calls for the chairs of the Senate and House capital investment committees to convene periodic meetings with business owners and other stakeholders to discuss the effects of the lock's closure.

## Transportation

The 2015 Legislative Session was billed as “The Transportation Session”. Significant legislative time was devoted to virtually every aspect of the State's transportation and transit systems. Despite hours of debate and discussion, at the end of the regular session, the House and Senate were simply too far apart on their respective approaches to addressing Minnesota's estimated \$7 billion transportation spending gap to reach a final compromise.

The House GOP preferred to dedicate certain existing transportation-related sales tax revenues that are currently directed to the State General Fund to transportation purposes, prioritizing road and bridge investments. The Senate DFL and the Governor supported new transit investments in addition to road and bridge funding, and a 6.5 percent increase in the gas tax at the wholesale level.

At the end of the regular session, the Omnibus Transportation Finance bill (HF 4/SF 87) was left open in its conference committee, leaving the door open for continued work on this bill in the 2016 Legislative Session.

#### HOUSE TRANSPORTATION FINANCE BILL (HF 4/SF 87)

DID NOT PASS

Some key provisions from the House Transportation Bill (HF 4) included:

- Creation of the Transportation Stability Fund, which contains multiple sub-accounts and dedicated revenues, including:
  - Highway Allocation Account—dedicates existing revenues from the sales tax on motor vehicle repair and replacement parts to the Highway User Tax Distribution Fund (HUDTF).
  - Transit Allocation Account—dedicates a portion of existing revenues from the motor vehicle lease sales tax to the Greater Minnesota Transit Account.
  - County Highway Allocation Account—dedicates a portion of existing revenues from the motor vehicle lease sales tax to County State Aid Highway Fund (excludes Hennepin and Ramsey from distribution of new revenues).
  - Metropolitan Transit Capital Account—dedicates general sales tax on rental motor vehicles to transit in metropolitan counties (prohibits spending on light rail, commuter rail, or streetcars).
  - Small Cities Assistance Account—provides \$25 million per year from the general fund, distributed under a formula, for cities with populations fewer than 5,000 for construction and maintenance of roads located within the city. There is no similar account created for larger cities with a population over 5,000.
- \$14 million for Greater Minnesota Transit.
- \$125 million per year for the Corridors of Commerce program from 2016 through 2021, plus \$62.5 million in 2022 (\$812.5 million total).
- \$5 million per year for the Transportation Economic Development program from 2016 through 2021, plus \$2.5 million in 2022 (\$32.5 million total).
- Appropriation of \$70 million per year for state road construction from 2016 through 2021, plus \$35 million in 2022 (\$455 million total).
- Prohibition on spending state and federal funds on aesthetic enhancements if they increase the cost of projects (aesthetic enhancements include monuments, markers, memorials, sculptures, statues, decorative fixtures, alternative materials, specialty signage, and other treatments designed to impact the perceived beauty or visual appeal of the infrastructure).
- Expansion of list of products that are exempt from truck weight restrictions, including portable toilets.
- Requirement that the Minnesota Department of Transportation (MnDOT) identifies and implements an efficiency gain of 15 percent.
- Requirement that MnDOT work with local units of government to develop a new cost participation policy by September 15, 2015.

The Senate Transportation Finance Bill (HF 87) modified existing transportation and transit revenue streams and invested new revenue in funding for roads, bridges, and transit. Below is a summary of the major provisions.

#### Highways:

- Authorizes the sale of \$1.001 billion in trunk highway bonds, including:
  - \$800 million for Corridors of Commerce (trunk highways), to be available over four years from FY2016-FY2019.
  - \$200 million for the Transportation Economic Development (TED) program, to be available over four years from FY2016-FY2019.

#### Gross Receipts (constitutionally dedicated to roads and bridges):

- Imposes a tax on the wholesale business of selling fuel. The rate is 6.5 percent of a distributor's gross receipts from the first sale at wholesale of gasoline and special fuels.
- Provides for conversion of the tax rate to cost per gallon, which is the greater of 6.5 percent of \$2.50 per gallon, or 6.5 percent of the previous year's average wholesale gasoline price per gallon in Minnesota. In effect, sets a floor of \$2.50.

#### Vehicle Registration (constitutionally dedicated to roads and bridges):

- Increases the vehicle registration tax due on automobiles from \$10 to \$20, effective July 1, 2018.

#### Metropolitan Transit Improvement Area Sales Tax:

- Amends the statute that imposes the existing ¼-cent sales tax for transit in the metropolitan area as follows:
  - Expenditures on capital improvements to transitways are not capped for Robert Street transitways and Riverview corridor;
  - Reference to payment of costs of highway bus rapid transit is included; and
  - County transit project grants (paid for with up to 8.5 percent of the proceeds of the new additional ¾-cent sales tax for transit tax imposed in the bill) are made available to counties that impose the tax.
- Eliminates the definition of the Grant Evaluation and Ranking System (GEARS) Committee, removes references to GEARS in the joint powers section of the law governing the allocation of the sales tax.
- Establishes the Metropolitan Transit Improvement Area Sales Tax (3/4-cent additional, 1-cent total), and defines the taxing area as the five counties of Anoka, Dakota, Hennepin, Ramsey, and Washington.
- Allocates the revenues from the sales tax as follows:
  - Cost of collection to the Commissioner of Revenue (unspecified amount);
  - 8.5 percent of the net proceeds to the Counties Transit Improvement Board; and
  - The remainder (the largest allocation) to the Metropolitan Council.
- Directs the Metropolitan Council to use the proceeds of the tax to fund only projects that are consistent with the Council's long-range transportation policy plan and located within the five-county area. In addition, it prioritizes the Councils' use of the money for:

- Debt service; and
- Proportional distribution to the five counties of 1/8 of the tax proceeds (including the ¼ cent collected under current law) to be used by each county for roads with a transit nexus or for transit projects, except for Hennepin County, which is limited to transit projects.
- Directs use of tax proceeds after deducting collection costs and the 8.5 percent for County Transit Improvement Board (CTIB), as follows:
  - Operating and capital costs to preserve and operate the existing bus/transitway system;
  - Grants for regional bicycle, trail and pedestrian infrastructure, safe routes to school infrastructure, and active transportation programs (utilizing ten percent of sales tax revenues from entire one cent tax for this purpose);
  - Expansion of bus system (four percent average annual service increase, including suburban transit);
  - Transitways, streetcars, and arterial bus rapid transit;
  - Maintenance of affordable transit fares;
  - Transit shelter construction and improvement;
  - Grant to Center for Transportation Studies (\$500,000 annually); and
  - Other costs consistent with the purposes described.
- Repeals current law which requires the state to pay 50 percent of operating costs of light rail transit that are not paid by the federal government.

#### **Small and Larger City Streets and Bridges Accounts:**

- Creates two new special revenue accounts for city streets: the Small City Streets and Bridges Account, and the Larger City Streets and Bridges Accounts. These accounts are funded through new and existing revenue streams, including:
  - Imposing a surcharge on an existing \$10 fee on vehicle registration and title transfers that is currently dedicated to the environmental fund. The surcharge is to be divided equally between the Small City and Larger City Street and Bridge Accounts.
  - Adding a \$10 surcharge on the current \$6 vehicle registration renewal filing fee, to be divided equally between the Small and Larger City accounts. Dedicating \$3.50 of the current \$10 surcharge on other vehicle transactions to the city street accounts, instead of to the General Fund as under current law.
  - Redirecting a \$3 vehicle transfer fee to be divided equally between the Small and Large City accounts instead of the general fund as under current law.
- States that for cities with populations under 5,000, funds in the Small City Streets and Bridges Account must be appropriated and are distributed proportionally according to city population, among all cities that do not receive, and are not eligible to receive, Municipal State Aid (MSA). Allocations from this account must be used for construction, improvement and maintenance of city streets and bridges.
- States that for cities with populations over 5,000, funds in the Larger City Streets and Bridges Account must be appropriated and are distributed among all cities eligible to receive MSA according to the same statutory distribution formula that governs distribution of the municipal state-aid street fund. Allocations from this account must be used for construction, improvement and maintenance of city streets and bridges. These funds are in addition to any other money (MSA) that cities receive.

#### Other City Street Investments:

- Redistributes five percent of the highway user tax distribution fund. This redistribution would represent increased revenue for city streets to all cities with a population over 5,000.
- Changes the distribution of Motor Vehicle Sales Tax proceeds so that funds are increased for both the Metropolitan Area Transit Account, and the Greater MN Transit Account.

#### Rail Safety:

- Enacts a new annual assessment up to a total of \$32.5 million on railroad companies that are common carriers, Class I Railroads or Class 1 Rail Carriers operating in Minnesota.
- Funds must be deposited in the Rail Grade Crossing Safety Improvement account and used for highway-rail grade crossing improvements on corridors where crude oil and other hazardous materials are transported.

#### Active Transportation:

- Creates an Active Transportation programs and account, for which a minimum of \$16 million in funds to be administered by MnDOT, CTIB, or the Metropolitan Council.
- Partial funding for the program comes from dedicating the current sales tax on the purchase of new or used bicycles from the general fund to the Active Transportation Account, to be divided equally between Greater Minnesota and the Metropolitan Area.
- Outlines additional specifications for the Active Transportation Account, including:
  - Political subdivision and non-profit organizations are eligible;
  - List of bond-eligible costs including: land acquisition, engineering, environmental analysis, construction or reconstruction of public infrastructure that provides for nonmotorized transportation, and unpaid principal on debt issued by a local government for a nonmotorized transportation project;
  - Requirement that eligible improvements must include: bicycle, trail, and pedestrian infrastructure; safe routes to school infrastructure; and noninfrastructure programming; and
  - Requiring that eligible projects are included in a municipal or regional nonmotorized transportation system plan, are located in a jurisdiction with a complete streets policy, support safe routes to schools and other specified community destinations, provide health and safety benefits, and offer geographically equitable benefits.

#### LIGHTS-ON TRANSPORTATION BILL (CHAPTER 75, SF 1647)

SIGNED 5/22/15

With the comprehensive transportation bill lingering in conference committee, the legislature passed a “lights on” transportation bill, ensuring MnDOT and other transportation-related operations could continue. The bill spends \$2.743 billion in FY 2016 and \$2.774 billion in FY 2017, and sets the budget for MnDOT, part of the Minnesota Department of Public Safety (DPS), and the Metropolitan Council for the biennium.

#### Transportation and Transit Appropriations in the Lights-On Bill:

- Transit:
  - \$20.543 million in FY 2016, and \$20.567 million in FY 17.

- Increase of \$6 million over previous biennium.
- Safe Routes to Schools:
  - \$500,000 in both FY 16 and FY 17.
- Passenger Rail Activities:
  - Uses include system planning, alternatives analysis, environmental analysis, design, preliminary engineering.
  - \$500,000 in both FY 16 and FY 17.
- Freight:
  - \$13.445 million in FY 16 and \$5.452 million in FY 17.
  - One time increase of \$8 million over previous biennium.
- Rail Grade Crossings Safety Improvements:
  - \$5 million in FY 16.
- Transportation Economic Development (TED):
  - \$10 million in both FY 16 and FY 17.
- Statewide Radio Communication:
  - \$5.358 million in FY 16 and \$5.486 million in FY17.
- County state-aid roads:
  - \$670.768 million in FY16 and \$698.495 million in FY17.
  - \$167 million increase over previous biennium.
- Municipal State Aid Roads:
  - \$170.743 million in FY17.
  - \$41 million increase over previous biennium.
  - Distributed on a formula; Minneapolis receives 10%.
- Small Cities Account:
  - \$12.5 million in one-time, general fund appropriation.
  - Small Cities Assistance Account is newly created.

#### Metropolitan Council Transit, Operations Funding:

- \$81.626 million in FY 2016 and \$101.126 million in FY 2017 from the general fund is for transit system operations.
- Of this amount, \$27.3 million is available through FY 2018, which is roughly equal to the amount appropriated in the previous biennium. This one-time funding includes:
  - \$1 million in each year for financial assistance to replacement service providers to implement a demonstration project that provides regular route transit or express bus service between cities in the metropolitan area, excluding first class cities.
  - \$200,000 in the first year of the biennium is for grants payable by July 31, 2016 to transportation management organizations that provide service exclusively or primarily in each city of the first class and the City of Bloomington.

#### Transportation Policy:

- **City of Minneapolis provision:** Clarifies that parking enforcement agents have access to necessary information at the Department of Public Safety to enforce the use of disability parking certificates. Current law only allowed access for law enforcement agents.
- **Cost participation policy required:** Requires the commissioner of MnDOT, in consultation with representatives of local units of government, to create and adopt a policy concerning cost participation for cooperative construction projects and maintenance responsibilities between MnDOT and local units of government.

### Rail Safety Policy:

- **Responsibility for damages:** Clarifies that a railroad is responsible for damages to every person who is injured for property damaged or destroyed by fire spread directly or indirectly by the locomotive, rolling stock, or contents of rolling stock in use upon its railroad line, or caused directly or indirectly by spill, tear, discharge, or combustion of train contents. It requires that every railroad have insurance for this purpose.
- **Reimbursement requirement:** Requires reimbursement by the railroad for incident response required, and provides that emergency responders, local government entities, or nonprofit firefighting corporations that respond to an emergency involving a railroad locomotive or rolling stock (or its contents) are entitled to reimbursement.
- **Report:** Provides that the commissioner of the Department of Public Safety must, as part of an evaluation of safety preparedness and funding related to incidents involving transportation of oil, also analyze preparedness and impacts to public safety from ethanol transportation by rail. The report is due by Jan. 15, 2017.

## Data Practices

The classification of license plate reader and body camera data pursuant to Minnesota's Data Practices Act was a major policy issue for the House and Senate committees with jurisdiction over public safety.

### LICENSE PLATE READERS (CHAPTER 67, SF 86)

SIGNED 5/23/15

The House and Senate passed license plate reader (LPR) bills with differing provisions.

- The House proposed a 30-day retention period for "non hit" data collected by LPR's, while the Senate proposed a 90-day period.
- The House and Senate differed over the type and frequency of audits of LPR programs, the use of the LPR data with other data files, the content of LPR procedure and policies and the disclosure of public safety technology using audio or video or both to record data.
- The House and Senate agreement contained in SF 86 as signed by the Governor includes:
  - A 60-day retention period for "non hit" data;
  - An audit every 2 years;
  - Limitation on the use of LPR data with other data files to the Minnesota license plate file; and
  - Requires that LPR policies and procedures be public data.

### BODY CAMERAS (SF 498/HF 430)

DID NOT PASS

Under current law, the Data Practices Act generally classifies data as public with exceptions. Despite extensive discussion and committee action this session, body camera data provisions were not included in any conference committee report or bill that was sent to the Governor.

The Senate Judiciary Committee passed body camera data provisions as an individual bill. The Senate bill generally classified body cam data as private/non- public data with some exceptions. The Senate bill also required law enforcement agencies utilizing the technology to have a written

policy regarding use and data access. At the end of the session the Senate bill was still waiting on the floor for a vote. However, the bill was added to the Senate Judiciary Omnibus Bill, but the body cam provisions were not included in the final conference committee report.

The House did not hear the companion to the Senate body camera bill, or the other body camera bill that was introduced (HF 2323).

## Public Safety

The adoption of a biennial budget and such policy issues as allowing the use of suppressors on fire arms and restoring voting rights for persons who committed a felony and are discharged were also issues debated by one or both bodies.

### JUDICIARY/PUBLIC SAFETY OMNIBUS BILL (CHAPTER 65, SF 878)

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The Omnibus Public Safety Finance and Policy Act contains funding and policy provisions for programs related to courts, public safety, firefighters, corrections, crime, disaster assistance, and controlled substances. A few key highlights relevant for the City of Minneapolis include:

- **Suppressors:**
  - The law states that suppressors lawfully possessed under federal law are allowed in Minnesota. The section defines “suppressor” as any device for silencing, muffling, or diminishing the report of a portable firearm, including any combination of parts, designed or redesigned, and intended for use in assembling or fabricating a firearm silencer or firearm muffler, and any part intended only for use in such assembly or fabrication.
  - The City of Minneapolis and the Minneapolis Police Department opposed this measure because suppressed gunshots are not detectable by the ShotSpotter detection system. The Governor initially stated he would veto any legislation that permitted the sale, use or possession of silencers in Minnesota. In the negotiation process, language was added to the bill that ensures that the Chief Law Enforcement Officer (CLEO) in any jurisdiction retains the discretion to approve or deny federal applications for silencers. With this added language, the Governor withdrew his opposition.
- **Sex Trafficking:**
  - Legislation supported by the City of Minneapolis was included in the Omnibus Public Safety Finance and Policy Bill, which closed loopholes in current law regarding the sex trafficking of minors.
  - Minnesota Statutes § 609.352 prohibits the solicitation of children who are 15 and younger from engaging in sexual conduct. It is a felony level crime and carries a penalty of up to 3 years in prison.
  - Under previous law, soliciting 16 or 17-year-olds to engage in prostitution was only a misdemeanor or gross misdemeanor crime. In addition, there was no provision covering stings, where an adult police officer poses online or through texts as a 16 or 17-year-old.

- The new law makes it a felony level crime, punishable by up to 5 years in prison, to hire, offer or agree to hire anyone who the actor “reasonably believes” is under the age of 18 to engage in sexual penetration or contact. The law also includes a provision that “mistake as to age” is not a defense, and also provides that the involvement of law enforcement in the investigation or detection of the case is not a defense.
- **Scrap Metal:**
  - A 2013 law expanded the current Automated Property System (APS) to include the reporting of sales of scrap metal. New language in the bill removes references to the APS system.
- **Combating Terrorism Recruitment:**
  - An appropriation of \$250,000 was provided for the Commissioner of Public Safety to help combat recruitment of Minnesotans by terrorist organizations like ISIS and al-Shabaab. At least half of the appropriation will go to local governments with at-risk populations.
  - In February of 2016, the Commissioner must report to the legislature on the proposed strategies and steps to implement the strategies.

## Health and Human Services (HHS)

Initially, the House and Senate began negotiations from divided positions, where the House proposed significant cuts, and the Senate proposed a slightly higher appropriation level. The end result ended up with a compromise, including some new investments. The City of Minneapolis was focused on a select number of specific HHS funding areas outlined below.

### OMNIBUS HEALTH AND HUMAN SERVICES BILL (CHAPTER 71, SF 1458)      SIGNED 5/22/15

- **Local Public Health Grants :**
  - In spite of stagnant funding since the early 2000’s, efforts to seek an additional, across the board increase in funding for Local Public Health Grants were not successful.
  - The Legislature and Governor did approve an additional \$1 million per year for Local Public Health Grants for Greater Minnesota.
- **Statewide Health Improvement Program (SHIP):**
  - The House proposed eliminating SHIP funding altogether, while the Senate and Governor proposed sustained base funding of \$35 million per year.
  - The Senate and Governor prevailed, and SHIP funding will remain intact for the upcoming biennium.
- **Safe Harbors for Sexually Exploited Youth:**
  - \$3 million in additional funds were appropriated for Safe Harbors including:
    - \$1.3 million to DHS for shelter and housing
    - \$300,000 to DHS for youth outreach
    - \$1.4 million to the Minnesota Department of Health for protocol, training, and additional support for Regional Navigators.
- **Homeless Youth Act:**
  - \$2 million increased appropriation to \$6.238 million base.
- **Child Care Assistance Program (See Cradle to K section on page 18).**

- Home Visiting (See Cradle to K section on page 18).
- Community Emergency Medical Technician:
  - The bill creates a new certification of a Community Emergency Medical Technician (CEMT). This provision was a priority for the City of Minneapolis.
  - New CEMTs at the City of Minneapolis will be members of the Fire Department.
  - CEMT certification has eligibility requirements, including but not limited to:
    - Current certification and two years of experience as an emergency medical technician (EMT) or advanced emergency medical technician (AEMT), and membership in a registered medical response unit;
    - Completion of a training program that has been approved by the Emergency Medical Services Regulatory Board (EMSRB); and
    - Completion of training that includes culturally appropriate care.
  - Other details about the bill:
    - Outlines protocols and supervisory standards for CEMTs, as well as approved services.
    - Prohibits a CEMT from providing services related to basic or comprehensive home care as defined by statute, with a few limited exceptions.
    - Requires the Department of Human Services (DHS) to develop a proposal for a pilot project to create a community-based support system that coordinates services between child protection services and CEMTs.
    - Outlines Medical Assistance coverage for CEMT services.

## Jobs and Economic Development

In the closing seconds of the regular session, the legislature passed an Omnibus Jobs and Energy bill. The bill was described as an “enhanced lights on” funding bill, providing appropriations to Department of Employment and Economic Development, MN Housing Finance Agency, Explore MN Tourism, Department of Labor and Industry, and Department of Commerce at basic levels.

### OMNIBUS JOBS AND ENERGY ACT (SPECIAL SESSION CHAPTER 1, HF 3)      SIGNED 6/13/15

While the Governor vetoed the “enhanced lights-on” jobs bill, the bill that ultimately passed in the Special Session was largely similar, particularly in regards to City of Minneapolis priorities:

- Minnesota Youth Program:
  - \$8.1 million Workforce Development Fund (\$1.1 million increase).
  - Makes higher education career advising an allowable activity; allows for all youth to be served, up to age 24.
  - MYP supports the Minneapolis Step-Up program.
- Youth Workforce Competitive Grant Program (now called “Youth at Work”):
  - \$6.696 Workforce Development Fund (increase of \$1.0 million).
  - The competitive grant program supports the Minneapolis Step-Up program.
  - DEED recently announced awards for this funding cycle. With the assistance of the additional funds secured at the legislature, DEED granted the City of Minneapolis program \$1.5 million for the biennium, a \$400,000 increase from the previous cycle.

The Omnibus Jobs and Energy Act also contained additional workforce and economic development funding, including:

- **Adult Workforce Development Grants:**
  - \$4.156 million General Fund and \$12.416 million Workforce Development Fund (increase of \$1.72 million).
- **Youthbuild:**
  - Current funding of \$2 million from the Workforce Development Fund.
- **FastTRAC:**
  - Current funding of \$12 million from the Workforce Development Fund.
- **Foreign born healthcare workers:**
  - \$200,000 Workforce Development Fund one time (2016).
- **Minnesota Investment Fund:**
  - \$30 million appropriation.
- **Job Creation Fund:**
  - \$25 million appropriation.
- **Brownfields:**
  - \$1.272 million in each year from the general fund and \$700,000 each year from the remediation fund for contaminated site cleanup and development grants.
- **Business Development Competitive Grant program:**
  - \$2.85 million appropriation.
- **Minnesota Job Skills Partnership:**
  - \$8.39 million appropriation.

## Agriculture and Environment

In the area of agriculture and the environment, the House, Senate, and Governor did not align on a number of policy matters. Ultimately the original agriculture and environment funding bill passed during the regular session was vetoed by the Governor. Additionally, the legislature and Governor approved an earlier bill which modified regulations regarding pollinators.

### OMNIBUS AGRICULTURE POLICY BILL (CHAPTER 44, HF 1554)

SIGNED 5/19/15

- **Pollinators :**
  - A provision relating to labelling and advertising of nursery stock was contained in the agriculture policy bill, softening the modifications that were made in 2014. This provision allows plants treated with a systemic insecticide to be labeled or advertised as “pollinator friendly” provided the level of insecticide in its flowers is less than the “no observed adverse effect” level which is established by the U.S. Environmental Protection Agency for acute toxicity for adult honeybees.

### OMNIBUS AGRICULTURE, ENVIRONMENT AND NATURAL RESOURCE FINANCE BILL (CHAPTER 4, SF 5)

SIGNED 6/13/15

- **Urban farming:**
  - The growth of urban agriculture was recognized by both the House and Senate Agriculture Committees. The House Omnibus Agriculture and Finance bill directs

the Commissioner of Agriculture to meet with stakeholders and develop a proposal that will effectively promote urban agriculture in Minnesota cities. The proposal is due to the legislature by January 15, 2016. The proposal must also include a definition of “urban agriculture.” The definition can either be the one listed in the bill or one agreed to by the Commissioner and the stakeholders.

- **Cottage Food:**
  - Previously, food-handlers had to be licensed by the Minnesota Department of Agriculture (MDA), but individuals who prepare and sell non-potentially hazardous food at community events and farmer’s markets, and earn less than \$5,000 in total sales per year, were not required to obtain a license from the state. The Minneapolis Health Department inspects sellers on behalf of MDA.
  - The legislature modified these laws to allow sales directly to individuals.
  - The new law allows individuals to sell non-potentially hazardous foods directly to others within the constraints of the local zoning ordinances. It also increases the threshold to \$18,000 before an individual is required to obtain a license from the state. In addition, the newly changed law also applies to pickled foods. Finally, the law requires sellers to register with the Minnesota Department of Agriculture, and adds some food safety educational requirements as well.

## Disparities and Opportunities

### Working Families

#### WORKING PARENTS ACT (HF 1093/SF 1085)

DID NOT PASS

The Working Parents Act was introduced in both the House and Senate, but no action was taken. The Senate did hold an informational hearing to discuss the various policies in the Working Parents Act. The Working Parents Act was a collection of the five individual bills below.

#### WAGE THEFT PROTECTION (HF 1225/SF 1383)

DID NOT PASS

This bill increased penalties for wage theft, extended the statute of limitations on all wage theft to 6 years, and protected workers from employer retaliation.

#### PROTECTING CREDIT CARD TIPS (HF 402/SF 216)

DID NOT PASS

This bill prevented businesses from deducting the credit card processing fees from tips. The language from HF 402 was included in HF 1027, which created a tip penalty. See HF 1027 below.

#### SCHEDULING FAIRNESS AND FLEXIBILITY (HF 1139/SF 1330)

DID NOT PASS

This bill sought to ensure more predictability in scheduling and pay for workers, limit last-minute or on-call shifts, and protect workers from employer retaliation.

#### EARNED SICK AND SAFE LEAVE (HF 549/SF 481)

DID NOT PASS

This bill required all employers that don’t currently provide paid sick time to provide their employees with earned sick and safe leave.

This bill created an insurance program to provide all Minnesota employees with a percentage of their wages for up to 6 weeks so they can afford to take time off to bond with a new child, care for an elder or seriously-ill family member, or deal with pregnancy-related health concerns.

Individually, SF 779 passed out of the Senate Jobs committee and was re-referred to Finance. The report requirement from the bill was included in the Senate Omnibus Jobs Bill, which requires DEED to report on the most efficient and effective mechanisms to provide partial wage replacement for parental, family, or medical leave. However, this provision did not prevail in the final Omnibus Jobs Bill signed by Governor Dayton.

## Cradle to K

### OMNIBUS HEALTH AND HUMAN SERVICES BILL (CHAPTER 71, SF 1458) SIGNED 5/22/15

- Targeted Home Visiting:
  - \$2.7 million was allocated for Targeted Home Visiting for the biennium.
  - Of the \$2.7 million, \$75,000 is directed to design baseline training to ensure statewide coordination for new home visitors.
- Child Care Assistance Program (CCAP):
  - An additional \$10 million was allocated to CCAP to reduce the Basic Sliding Fee Waiting List, and is estimated to support an additional 350 families.

### OMNIBUS K-12 Education Finance Bill (Special Session Chapter 3, HF 1) SIGNED 6/13/15

- Early Learning Scholarships:
  - Initially, Chapter 72/HF 844 passed during the regular session contained \$87 million for Early Learning Scholarships, which was \$31 million more than the previous biennium. Governor Dayton vetoed Chapter 72 on 5/21/15.
  - Special Session Chapter 3/HF 1, signed by the Governor, included an additional \$525 million in total E-12 Education funding. Early Learning Scholarships received an additional \$17.5 million increase, resulting in \$104 million for the biennium, which is an almost 50% increase from last biennium.

### QUALIFYING HOMELESS CHILDREN FOR EARLY EDUCATIONAL SERVICES AND MONEY APPROPRIATED – (HF 1428)

DID NOT PASS

- HF 1428 was heard in the House and Senate Education Committees and laid over for possible inclusion in the Omnibus Education Finance Bill, but did not move forward.

## Other Issues

### OMNIBUS LIQUOR BILL – (CHAPTER 9, SF 1238)

SIGNED 5/1/15

The Legislature usually enacts a biennial liquor bill, which often includes policy and technical changes to the state's liquor statute. In 2015, SF 1238 authorized the sale of "growlers" on Sundays and also allowed on-sale liquor sales on Sunday beginning at 8AM rather than 10AM.

The Omnibus State Government Finance Bill contained language that modifies the Veteran's Preference Act. The purpose for the change was to clarify who pays for the costs of a veteran's preference hearing in response to a case in Hopkins where a veteran was sued for the costs of the hearing, even though it is common practice for a local government to pay the administrative costs.

The new law change says that for disputes that are heard by a Civil Service Commission, the city shall bear all costs with the exception of the veteran's attorney's fees. If the hearing is conducted before a three-person panel, all parties equally bear the costs associated with the hearing, except the attorney's fees. The law also clarifies that if the veteran's preference hearing reverses all aspects of the discharge, then the City shall pay for the veteran's attorney's fees.

A confusing provision was inadvertently added to the statute as well. Under current law, a city with a Civil Service Commission hears the veteran's preference hearing. However, the law now states that a veteran has a choice between a three person panel and the Civil Service Commission, resulting in a direct contradiction in statute. This will likely have to be clarified next session.

## Selected Bills That Did Not Pass

### DIRECT PROPERTY TAX RELIEF

No bills providing additional property tax relief to renters and homeowners based on income and property tax burden passed into law in 2015.

### RULE OF THREE

A bill was not introduced to address this issue in 2015.

### UPPER HARBOR TERMINAL TAX INCREMENT FINANCING

A bill was not introduced to address this issue in 2015.

### DRIVER'S LICENSES

A bill (HF 97/SF224) was introduced that would have permitted driver's license applicants to submit an official international government document as proof of identity when applying for a driver's license. The bill was heard in the House Transportation Committee but no vote was taken. In the Senate, the bill as amended passed the Senate Transportation Committee. The Senate bill, however, was not included in the transportation bill signed by the Governor.

### RESTORATION OF FELON VOTING RIGHTS

A bill (SF 355) would have allowed those with felonies to vote after they are no longer incarcerated. Currently, those with felony convictions must wait until their probation or parole

period has expired to have their voting rights restored. The language was included in the Senate Omnibus Elections bill, but was not included in the conference committee report. The Senate language was also included in the Omnibus Public Safety and Finance bill, but not in the final bill that was sent to the Governor. The companion did not receive a hearing in the House

#### OFFICER INVOLVED INCIDENT

The Chairs of the House and Senate committees that address public safety finance and policy issues both introduced legislation to address police officer-involved incidents when death or great bodily harm occurs. While the House bill did not receive a hearing, the Senate bill was heard and discussed extensively. The final Senate language would have required all jurisdictions to seek an outside agency to conduct independent investigations for all officer-involved incidents resulting in great bodily harm or death, and required that cities of the first class call upon the Department of Public Safety, Bureau of Criminal Apprehension to conduct such a review. The bill was not included in the Senate's omnibus bill or in the final bill sent to the Governor.

#### SOCCER FUNDING PROHIBITION

Although no bills were introduced to prohibit funding for a major league soccer stadium, the House and Senate Omnibus State Government Bills were both amended to contain identical language prohibiting state funds from being appropriated, or tax expenditures used, to fund the construction of a major league soccer stadium. This provision was not acted on in conference committee, however, so did not end up in the final bill language.

#### SOCCER TEAM COMMUNITY OWNERSHIP

A bill was introduced late in the session to provide for community ownership of a major league soccer team, however it did not move forward in either the House or the Senate.

#### MET COUNCIL REFORM

Several bills relating to the governance of the Metropolitan Council and its role in transportation planning and programming were heard in the House and Senate. In the Senate, bills that would require all Metropolitan Council members be current elected officials were heard but did not pass. In the House, a special subcommittee of the Government Operations and Elections Committee was formed with jurisdiction over Metropolitan Council legislation. The subcommittee and the full committee passed HF 1297 which provides for staggered terms for Metropolitan Council members, and requires members appointed by the governor must either be a city council member, mayor or county commissioner. The bill was sent to the floor and according to House rules was sent at the end of session to the Government Operations Committee. The Committee can decide to send the bill to the floor, amend it or take no action.

## SUNDAY SALES

Although there were several bills introduced that would have allowed Sunday liquor off-sales, the Omnibus Liquor bill did not contain a Sunday sale provision. Amendments to allow Sunday sales were offered on the floor of the House and Senate but both amendments failed.

## JUNE PRIMARY

The House Omnibus Elections bill included language moving the August primary to June and did not include provisions for early voting. The Senate omnibus election did not have the June primary but did include early voting. The final elections bill did not include either provision.

## TIP PENALTY ON MINIMUM WAGE

HF 1027 set the minimum wage at \$8.00/hour for tipped workers that earn an average of \$4 or more per hour in tips. HF 1027 was passed by the House, but was not acted on in the Senate. The contents of HF 1027 were also included in the House Omnibus Jobs Bill which went to conference committee; however, the committee did not finish their work.

## REMOVAL OF THE MINIMUM WAGE INFLATOR

This bill removed the inflator from the minimum wage law. Under current law, once the minimum wage is fully phased in (\$9.50 in August 2016 for large employers), the wage is scheduled to increase each January based on inflation beginning in 2018.

## UNIFORM MINIMUM WAGE AND EMPLOYMENT MANDATES

This bill prevented local governments from setting their own minimum wage requirements and employment mandates (e.g. paid sick time) for private employers. The House bill was heard in the Jobs Committee on March 23<sup>rd</sup> and was included in the House Omnibus Jobs Bill, which was passed off the House floor to conference committee. However, the conference committee did not complete its work. The Senate companion did not receive a hearing.

## LOWER MINIMUM WAGE FOR NON-PROFIT WORKERS

This bill provided for a lower minimum wage for non-profits (501c3), regardless of their gross profits. Wage rate for non-profit employers would be at least \$6.15/hour, except during the first 90 days of employment a nonprofit could pay an employee under age 20 a wage of \$4.90 per hour.